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July 17, 2001

BY FEDERAL EXPRESS

Honorable Joseph J. Farnan, Jr.
U.S. District Court
844 N. King St.
Wilmington, DE 19801

**Re: W.R. Grace & Co., et al. (Debtors)
Case No. 01-01139 (JJF)
Jointly Administered
Hearing Set For July 19, 2001**

Dear Judge Farnan:

This letter confirms the agreement between Hartford Accident and Indemnity Company, First State Insurance Company, Twin City Fire Insurance Company (the "Hartford Defendants") and the Debtors pursuant to which the Debtors agree to modify the proposed order originally submitted with the Motion of the Debtors for Entry of an Order Authorizing and Approving an Omnibus Procedure for Settling Certain Claims and Causes of Action Brought By or Against the Debtors in a Judicial, Administrative, Arbitral or Other Action or Proceeding (the "Motion"). The modification includes the addition of the following language:

ORDERED that with respect to any claims resolved pursuant to the Omnibus Procedure for which there may be insurance coverage, the Debtors will seek such insurance coverage in accordance with the terms of the Debtors' insurance policies and any amendments, notice provisions or agreements thereto . . .

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In light of the agreement reached between the parties, the Hartford Defendants elect not to pursue their Response (Docket No. 516) to the Motion at the July 19, 2001 hearing. A copy of the modified order is enclosed for your review.

Thank you for your time and consideration.

Sincerely,



Scott A. Shail

Enclosures